

# SENATE BILL 666

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SB 1126/10 – SRU

11r2491

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By: **Senator Muse**  
Introduced and read first time: February 4, 2011  
Assigned to: Judicial Proceedings

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## A BILL ENTITLED

1 AN ACT concerning

2 **Criminal Law – Fraud – Fraudulent Misrepresentation Made to a Nonprofit**  
3 **Organization Concerning a Lease or Contract**

4 FOR the purpose of prohibiting a person from making certain fraudulent  
5 misrepresentations to a nonprofit organization concerning a certain written  
6 contract or lease for certain goods of a certain value; making it a misdemeanor  
7 for violating this Act; establishing penalties on conviction of a violation of this  
8 Act; providing for restitution; providing that prosecution under this Act does not  
9 preclude prosecution for theft; providing for a merger of penalties under certain  
10 circumstances; defining certain terms; providing for the application of this Act;  
11 and generally relating to the crime of making fraudulent misrepresentations to  
12 a nonprofit organization concerning a written lease or contract.

13 BY adding to  
14 Article – Criminal Law  
15 Section 8–409  
16 Annotated Code of Maryland  
17 (2002 Volume and 2010 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
19 MARYLAND, That the Laws of Maryland read as follows:

20 **Article – Criminal Law**

21 **8–409.**

22 **(A) THIS SECTION APPLIES TO A WRITTEN CONTRACT OR A WRITTEN**  
23 **LEASE FOR A LEASED OR RENTED GOOD OR THING OF VALUE WHETHER OR NOT**  
24 **THE CONTRACT OR LEASE CONTAINS AN OPTION TO PURCHASE THE GOOD OR**  
25 **THING OF VALUE IF THE CONTRACT OR LEASE:**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.  
[Brackets] indicate matter deleted from existing law.



1           (1) IS MADE WITH A NONPROFIT ORGANIZATION; AND

2           (2) IS FOR A GOOD OR THING WITH A VALUE OF \$1,500 OR MORE.

3           (B) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE  
4 MEANINGS INDICATED.

5           (2) "FRAUDULENT" INCLUDES A FALSE STATEMENT OR A FALSE  
6 REPRESENTATION THAT IS KNOWINGLY AND WILLFULLY MADE.

7           (3) (I) "NONPROFIT ORGANIZATION" MEANS AN  
8 ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER § 501(C) OF THE  
9 INTERNAL REVENUE CODE.

10           (II) "NONPROFIT ORGANIZATION" INCLUDES AN  
11 ORGANIZATION WHOSE MEMBERS BELONG TO A BONA FIDE RELIGIOUS GROUP  
12 AND WHO ENGAGE IN PUBLIC RELIGIOUS WORSHIP IN A CHURCH, SYNAGOGUE,  
13 MOSQUE, OR ANY OTHER APPROPRIATE STRUCTURE.

14           (C) A PERSON MAY NOT OBTAIN OR ATTEMPT TO OBTAIN MONEY OR  
15 VALUABLE CONSIDERATION FROM A NONPROFIT ORGANIZATION BY:

16           (1) MAKING FALSE OR FRAUDULENT PRETENSES,  
17 REPRESENTATIONS, OR PROMISES IN OR ABOUT A LEASING TRANSACTION OR  
18 CONTRACT; OR

19           (2) FALSELY REPRESENTING TO THE NONPROFIT ORGANIZATION  
20 THAT A THIRD PARTY WILL COMPENSATE THE NONPROFIT ORGANIZATION FOR  
21 THE VALUABLE CONSIDERATION PAID BY THE NONPROFIT ORGANIZATION TO  
22 THE PERSON FOR THE LEASED GOODS OR THINGS OF VALUE.

23           (D) A PERSON WHO VIOLATES THIS SECTION IS GUILTY OF A  
24 MISDEMEANOR AND ON CONVICTION IS SUBJECT TO IMPRISONMENT NOT  
25 EXCEEDING 60 DAYS OR A FINE NOT EXCEEDING \$5,000 OR BOTH.

26           (E) (1) A PERSON WHO IS CONVICTED OF A VIOLATION OF THIS  
27 SECTION SHALL MAKE FULL RESTITUTION OF THE MONEY OR VALUABLE  
28 CONSIDERATION OBTAINED BY THE PERSON IN VIOLATION OF THIS SECTION.

29           (2) FULL RESTITUTION UNDER PARAGRAPH (1) OF THIS  
30 SUBSECTION SHALL BE MADE AFTER THE PERSON HAS RECEIVED NOTICE AND  
31 HAS BEEN GIVEN THE OPPORTUNITY TO BE HEARD AS TO THE AMOUNT OF  
32 PAYMENT AND HOW IT IS TO BE MADE.

1           **(F) (1) A PROSECUTION UNDER THIS SECTION DOES NOT PRECLUDE**  
2 **PROSECUTION FOR THEFT UNDER § 7-104 OF THIS ARTICLE.**

3           **(2) IF A PERSON IS CONVICTED UNDER § 7-104 OF THIS ARTICLE**  
4 **AND THIS SECTION FOR THE SAME ACT OR TRANSACTION, THE CONVICTION**  
5 **UNDER THIS SECTION SHALL MERGE FOR SENTENCING PURPOSES INTO THE**  
6 **CONVICTION UNDER § 7-104 OF THIS ARTICLE.**

7           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
8 October 1, 2011.